



## **ANNUAL INFORMATION FORM**

For the Year Ended December 31, 2011

March 26, 2012

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## **CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION**

The Company's business activities are conducted in United States dollars, Colombian pesos and Canadian dollars. The Company adopted International Financial Reporting Standards for its financial statements with an effective transition date of January 1, 2010, and, as a result, the Company's functional and reporting currency is the United States dollar. This Annual Information Form contains references to United States dollars and Canadian dollars. All dollar amounts referenced, unless otherwise indicated, are expressed in United States dollars. Canadian dollars are referred to as "C\$". Unless otherwise indicated, US dollar amounts have been converted in this Annual Information Form at the rate of exchange for converting Canadian dollars and Colombian pesos into US dollars in effect at December 31, 2011, being C\$1.0170 and 1,942.70 Colombian pesos for 1 United States dollar.

## **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements included or incorporated by reference in this Annual Information Form constitute forward looking statements. Forward looking statements include, but are not limited to, statements with respect to the future price of gold and silver, the estimation of mineral resources, the realization of mineral resource estimates, the timing and amount of estimated future production, anticipated costs of production, estimated capital expenditures, estimated internal rates of return, success of exploration activities, currency fluctuations, requirements for additional capital, government regulation of mining operations and environmental risks or claims. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such factors include, among others, risks relating to the Company's ability to commence production and generate material revenues or obtain adequate financing for its planned exploration and development activities; actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and silver, possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; risks related to fluctuations in the currency market, risks related to the business being subject to environmental laws and regulations which may increase costs of doing business and restrict the Company's operations; risks relating to all the Company's properties being located in Colombia, including political, economic and regulatory instability, accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" below. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management as of the date the statements are made, including, without limitation, the assumed long term price of gold, that the Company can access financing, all required permits and approvals for development of its mineral properties will be received and that the political environment in Colombia will continue to support the development and operation of mining projects, and the Company does not assume any obligation to update any forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, readers should not place undue reliance on forward looking statements.

## **DATE OF INFORMATION**

All information in this Annual Information Form is as of December 31, 2011 unless otherwise indicated.

## CORPORATE STRUCTURE

### Name and Incorporation

Eco Oro Minerals Corp. (“Eco Oro” or the “Company”) was formed by the amalgamation of Greystar Resources Ltd. and Churchill Resources Ltd. under the *Company Act* (British Columbia) on August 15, 1997. The Company transitioned under the *Business Corporations Act* (British Columbia) on April 6, 2005. On August 16, 2011, the Company changed its name from “Greystar Resources Ltd.” to “Eco Oro Minerals Corp.”.

### Intercorporate Relationships

Eco Oro carries on business in Colombia under a branch that was registered in Colombia on December 7, 1995 and does not have any other subsidiaries with assets or revenue.

### Offices

The registered office of Eco Oro is located at Suite 3000, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3R3. The head and principal office of the Company is located at Suite 1430, 333 Seymour Street, Vancouver, British Columbia, Canada, V6B 5A6. The Company’s main office in Colombia is located at Carrera 27, No. 36 – 14, Oficina 601, Bucaramanga, Santander, Colombia.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

Eco Oro is a natural resource exploration and development company engaged in the business of acquiring and developing mineral properties. Eco Oro’s current efforts are focused on its wholly-owned Angostura gold-silver project (the “Angostura Project”) in the Department of Santander in north-eastern Colombia, where the Company holds interests in certain concessions exploration licenses and exploitation permit areas covering approximately 1,100 hectares. The Angostura Project consists of the main Angostura deposit and four key satellite prospects: Móngora, La Plata, Armenia and Violetal. See “Mineral Projects – Angostura Project”. Including the Angostura Project, the Company has concessions, exploration licenses and exploitation permit areas covering an aggregate of approximately 30,000 hectares in the Departments of Santander and Norte de Santander, Colombia. Over the three most recently completed financial years, the events and conditions discussed below influenced the general development of the Company’s business.

On March 20, 2009, the Company completed a private placement with the International Finance Corporation (“IFC”), a member of the World Bank Group focused on private sector investments, for 6,579,161 units at a price of C\$1.83 per unit for gross proceeds of C\$12,039,864. Each unit consisted of one common share and three-quarters of a transferable common share purchase warrant. A total of 6,579,161 common shares and 4,934,371 warrants were issued to IFC. Each whole warrant entitled IFC to purchase one common share at a price of C\$2.47 per share for a period of five years expiring on March 20, 2014. Upon certain conditions being met, the Company had the right to accelerate the expiry date of up to 2,467,185 of the warrants to 60 days following the date of such notice. The Company gave notice of acceleration in December 2009 and in February 2010, the Company received proceeds of C\$6,093,946 from the exercise of 2,467,185 of the warrants.

On May 7, 2009, the Company filed on SEDAR ([www.sedar.com](http://www.sedar.com)) a National Instrument 43-101 technical report entitled “Angostura Gold Project, Preliminary Feasibility Study” completed by GRD Minproc Limited and GRD Minproc Ingeniería y Construcción Ltda (the “GRD MinProc Preliminary Feasibility Study”) for the development of an open pit gold-silver mine at the Angostura Project.

On September 29, 2009, the Company closed a public offering of 18,071,429 units of the Company at a price of C\$3.50 per unit for gross proceeds of C\$63,250,000. Each unit consisted of one common share of the Company and one-half of one transferable common share purchase warrant. Each whole warrant entitled the holder to purchase one common share on or before September 29, 2010 at a price of C\$4.30 per share. Upon certain conditions being met, the Company had the right to accelerate the expiry date of the warrants to 20 business days following the date of such notice. In addition, the Company issued 903,571 agents’ warrants as compensation to agents assisting with the offering. Each agents’ warrant entitled the holder to acquire one unit at a price of C\$3.50 per unit on or before September 29, 2010 with each unit comprising one common share and one-half of one transferable share purchase warrant and having the same terms and the units issued as part of the public offering. The Company gave notice of acceleration of expiry of the public offering and agents’ warrants in December 2009 and during 2009 and 2010 the Company received proceeds of C\$47.6 million from the exercise of such warrants.

In October 2009, the Company submitted an application to Instituto Colombiano de Geología y Minería (“Ingeominas”), a division in the Ministry of Mines and Energy, for a work and investment plan (*Plan de Trabajos y Obras* or “PTO”) for the development of an open pit gold and silver mine at the Angostura Project based on the GRD MinProc Preliminary Feasibility Study. The PTO was to be the operating plan for the Angostura Project, which was required to be approved by Ingeominas in a process parallel to the environmental permitting process.

In November 2009, the Company entered into an agreement with Sociedad Minera La Plata Ltda., a private Colombian company, to acquire the La Plata property (“La Plata”), which agreement the vendor is seeking to terminate. See “Legal Proceedings and Regulatory Actions”. La Plata comprises 78 hectares of mineral rights located 4 kilometers to the southwest of the main Angostura deposit and along strike of Ventana Gold Corp.’s (since acquired by AUX Canada Acquisition Inc.) La Mascota discovery and Galway Resources Ltd.’s El Dorado and Machuca targets. See “Mineral Projects – Angostura Project”.

In December 2009, the Company filed an environmental impact assessment (“EIA”) with the Ministry of Environment, Housing and Territorial Development (*Ministerio de Ambiente, Vivienda y Desarrollo Territorial* or “MAVDT”) to initiate the environmental permitting process for the development of an open pit gold and silver mine at the Angostura Project. The EIA, which was based on the GRD MinProc Preliminary Feasibility Study, covered all environmental and social aspects of the proposed open pit mine development.

In July 2010, MAVDT issued a notice to the Company that, at the request of third parties, information meetings for local communities planned by the Company needed be incorporated into a public hearing process. In November, 2010, two information meetings and the public hearing, at which interested parties expressed their views on the environmental impact of development of the Angostura Project as an open pit mine, were held.

On August 30, 2010, the Company filed on SEDAR ([www.sedar.com](http://www.sedar.com)) a National Instrument 43-101 technical report dated August 25, 2010 entitled “Mineral Resource Estimate, Angostura Gold – Silver Project, Santander, Colombia” completed by NCL Ingeniería y Construcción Limitada and the Company.

In December 2010, MAVDT notified the Company that an additional information meeting and a public hearing were required to be held in the city of Bucaramanga, Colombia. The information meeting was held on February 17, 2011 and the public hearing was held on March 4, 2011. Confrontations during the public hearing resulted in the representatives of MAVDT cancelling the public hearing after only 28 of the 470 inscribed statements had been heard.

On February 22, 2011, by means of Resolution DSM 0028, 2011, Ingeominas classified the Angostura Project as a National Interest Project based on its great production size, high operative, technological and financial capacity, and its ability to generate important economic resources for the state and region where it is located.

In March 2011, the Company filed requests with MAVDT and Ingeominas to desist from the administrative procedures of the environmental licensing and evaluation and approval of the PTO. The Company also decided not to proceed with finalization and implementation of the feasibility study for the development of an open pit mine at the Angostura Project as configured in the GRD MinProc Preliminary Feasibility Study. The Company considered that the regional and national governments and the community of Bucaramanga did not fully support the development of the Angostura Project as configured in the GRD MinProc Preliminary Feasibility Study and decided to study the viability of alternative options for the Angostura Project that addressed the governments' and the community's concerns.

In March 2011, David Heugh was appointed to the position of Chief Operating Officer of the Company.

On April 29, 2011, the Company filed on SEDAR ([www.sedar.com](http://www.sedar.com)) a National Instrument 43-101 technical report dated April 25, 2011 entitled "Mineral Resource Estimate and Preliminary Economic Assessment for Underground Mining, Angostura Gold-Silver Project, Santander, Colombia" completed by NCL Ingeniería y Construcción Limitada (the "NCL Preliminary Economic Assessment") for an underground only operation at the Angostura Project.

On May 26, 2011, Ingeominas notified the Company of writ No. 27, 2011, by means of which the administrative authority determined that a request to approve a PTO may not be withdrawn. Ingeominas therefore completed their evaluation of the PTO and issued a report citing technical reasons for rejection of the PTO.

On May 31, 2011, the Ministry of Environment and Sustainable Development, which, on May 4, 2011, assumed environmental matters for which MAVDT previously had responsibility, approved Resolution 1015, 2011 by means of which the administrative authority decided not to desist from the environmental licensing procedure and denied the environmental license for the development of an open pit mine at the Angostura Project as configured in the GRD MinProc Preliminary Feasibility Study citing substantive grounds for this decision. On June 20, 2011, the Company filed before the Ministry of Environment and Sustainable Development a motion to reconsider some of the grounds for this decision. This motion to reconsider was decided by means of Resolution 035, 2011 and was only partially successful. Although any future decision on an underground operation at the Angostura Project will be the subject of a new entirely separate process, Resolutions 1015 and 035 will likely be considered by the Ministry of Environment and Sustainable Development in connection with any future decisions with respect to the Angostura Project. The legally binding decision expressed in Resolution 1015 was accompanied by certain broad comments made by the issuing authority regarding its views of the extent of the ecosystem to be protected. The Ministry of Environment and Sustainable Development's comments in this respect will be considered in relation to any future applications by the Company for approvals. Resolutions 1015 and 035 could have an adverse effect on any such application.

In April 2011, the Company announced it had agreed with Amber Capital LP, a New York-based investment firm, which controls approximately 18% of the Company's outstanding shares, to change the members of its board of directors and the members of its executive management team. Other shareholders, holding approximately 20% of the Company's outstanding shares, advised the Company that they supported Amber Capital LP's position. The Company appointed Mr. Juan Esteban Orduz and Mr. Rafael Nieto Loaiza to the Company's board of directors. The Company also appointed Mr. Rafael Nieto Loaiza as President of the Company and Mr. David Rovig as Interim Chief Executive Officer to succeed Mr. Steve Kesler in those roles.

At the Company's annual general meeting held June 3, 2011, the incumbent directors, other than Messrs. Orduz and Nieto Loaiza, did not stand for re-election and the shareholders elected Ms. Anna Stylianides and Messrs. Juan Esteban Orduz, Rafael Nieto Loaiza, Eduardo Jaramillo, Hubert R. Marleau, Jean-Sebastien Blanchette and Samuel Jed Rubin to the Company's board of directors. After the annual general meeting, Mr. Rafael Nieto Loaiza was appointed to the position of President and Chief Executive Officer replacing Mr. David Rovig who had been acting as Interim Chief Executive Officer.

On June 16, 2011, the Colombian Congress enacted Law 1450, 2011, known as the National Development Plan. The National Development Plan forbids mining activities in páramo ecosystems and requires the Colombian Government to determine the boundaries of the páramo ecosystems based on technical, social, environmental and economic criteria. Pursuant to the National Development Plan, the Atlas of Paramos issued by the Von Humboldt Institute (*Instituto Alexander Von Humboldt* or "IAVH") is the minimum reference for páramo ecosystem while the Government determines the ultimate boundaries.

Between July and December 2011, the Company awarded contracts to advance the studies for the Angostura Project.

In September 2011, Anna Stylianides was appointed as the Company's Interim President & CEO replacing Rafael Nieto Loaiza, who also resigned as a director, and Paul Robertson was appointed as Chief Financial Officer replacing Mr. David Newbold. In November 2011, David Heugh tendered his resignation as the Company's Chief Operating Officer, which resignation was effective February 29, 2012. Mr. Heugh remains a consultant to the Company.

On December 22, 2011, the Ministry of Mines and Energy issued a non-binding opinion to the Regional Autonomous Corporation for the Defense of the Bucaramanga Plateau (*Corporación Autónoma Regional para la Defensa de la Meseta de Bucaramanga* or "CDBM") regarding the possible declaration of a regional park in the area of the Angostura Project. In the opinion, the Ministry of Mines and Energy noted the importance of the mineral resources found in the area, and specifically, the economic importance of the Angostura deposit and recommended excluding the Angostura deposit from any regional park. In addition, the Ministry of Mines and Energy considered that páramo ecosystem is conformed by 3 ecosystems: superpáramo, páramo and subpáramo, and, therefore, that the high Andean forest and the Andean forest (i.e. the ecosystems below subpáramo) should not be considered within the definition of páramo ecosystem. Based on the IAVH Atlas of Paramos, the Angostura deposit is located in the high Andean forest and the Andean forest.

Recently, and in accordance with the National Development Plan, the Ministry of Environment and Sustainable Development, CDBM and IAVH have been visiting and performing technical assessments in Santurban where the Angostura Project is located to determine the boundaries of the páramo ecosystem in that area. The Government has announced publicly that the boundary determination may take several months.

On February 9, 2012, João Carrêlo was appointed to the Company's board of directors.

On February 23, 2012, the Company disclosed the results of an updated preliminary economic assessment (the “Updated Preliminary Economic Assessment”) for an underground operation at the Angostura Project prepared by Golder Associates Inc. (“Golder”), TWP Sudamérica S.A. (“TWP”), Schlumberger Water Services (“Schlumberger”) and Knight Piésold Consulting Ltd. (“Knight”) based on a technically feasible design that includes development of the higher grade mineral resources and a production plan with preliminary engineering design for process plant options to extract gold and silver. Golder completed the mining studies and TWP completed the process and infrastructure components of the Updated Preliminary Economic Assessment. Golder also developed a preliminary economic evaluation of the project with pre and post-tax cash flow analysis. Schlumberger developed the hydrology and hydrogeological components for the study and Knight was responsible for the tailings dam design. Concurrent with the filing of this Annual Information Form, the Company filed on SEDAR ([www.sedar.com](http://www.sedar.com)) a National Instrument 43-101 technical report dated March 23, 2012 entitled “Updated Preliminary Economic Assessment on the Angostura Gold-Silver Underground Project, Santander Department, Colombia” completed by Golder, TWP, Schlumberger and Knight (the “Updated Preliminary Economic Assessment Technical Report”) in support of the Updated Preliminary Economic Assessment. See “Mineral Projects – Angostura Project”.

On March 5, 2012, the Company announced the completion of its initial mineral resource estimate for Móngora, which was completed by Golder. The Company expects to file on SEDAR ([www.sedar.com](http://www.sedar.com)) a National Instrument 43-101 technical report completed by Golder in support of the initial mineral resource estimate for Móngora within 45 days of March 5, 2012.

## **DESCRIPTION OF THE BUSINESS**

### **Summary**

As described above under “General Development of the Business – Three Year History”, the Company is a natural resource exploration and development company engaged in the business of acquisition and development of mineral properties whose current efforts are focused on the its wholly-owned Angostura Project. See “Mineral Projects – Angostura Project”.

The objective of the Company is to acquire and develop mineral properties with substantial exploration potential. To date, the Company has limited its exploration to targets with the potential to produce gold and silver, but other metals may be considered in the future.

### **Specialized Skill and Knowledge**

All aspects of the Company’s business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, mining, metallurgy, environment permitting issues, social issues and accounting.

### **Competitive Conditions**

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims, leases and other interests, as well as for the recruitment and retention of qualified employees. The ability of the Company to acquire precious metal properties will depend not only on its ability to raise the necessary funding but also on its ability to select and acquire suitable prospects for precious metal development or metal exploration. See “Exploration and Mining Risks”, “Financing Risks” and “Competition” under “Risk Factors”.

## **Environmental Protection**

The Company believes it is currently in compliance with material environmental regulations applicable to its exploration and development activities. The financial and operational effects of environmental protection requirements on capital expenditures, earnings and expenditures during the financial year ended December 31, 2011 were not material. However, the Company has accrued \$2.25 million in site restoration provision as of December 31, 2011. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays, the extent of which cannot be currently predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. See “Mineral Projects – General” for information regarding the environmental permitting process for the Angostura Project. There is no assurance that all required approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

## **Employees**

As at December 31, 2011, the Company, its branch and subsidiaries had 231 employees. On March 15, 2012, a national labour union provided notice that a group of employees at the Company’s operations in Colombia had unionized. The Company understands that this group is made up of approximately 45 employees at the Angostura Project site. Previously, the Company’s workforce has not been unionized.

## **Foreign Operations**

The Company’s mineral resource properties are located in Colombia and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability that may result in the impairment or loss of mining title or other mineral rights. Mineral exploration and mining activities may also be affected in varying degrees by political stability and governmental regulations relating to the mining industry. See “Risk Factors – Foreign Country and Political Risk”.

## **Social or Environmental Policies**

Eco Oro has built relationships with the communities in which it operates, and has adopted a formal social policy that is fundamental to its operations. One of the principal elements of this policy is to contribute to the economic development, support health and educational programs, and provide good governance skills training in the communities. One important aspect of this is the policy of the Company to source goods and services from local suppliers.

In addition, Eco Oro seeks to cooperate with regional and local development programs, combining efforts with private organizations, NGO’s, local administrations and the community itself in strengthening communication between these organizations, and promoting good relations with its neighbours, and offering constructive support and self-management models.

As required by the environmental regulations applicable at the time, the Company developed an environmental impact management plan, as well as mining and environmental guidelines for the exploration phase and produced an environmental management plan, which was approved by the CDMB. See “Mineral Projects – General”. The management plan and the mining and environmental guidelines address the impacts identified, through a series of management programs that cover environmental, safety and social issues for the project.

Eco Oro has committed to a Health, Safety, Environment and Community (“HSEC”) Policy and an Action Plan to cover all HSEC aspects related to its exploration activities, feasibility work and potential

future mine development. Eco Oro has agreed to contract a consultant to help them develop an HSEC Management System to adequately manage, plan and document the environmental and social issues relating to their activities in Colombia.

With IFC as a shareholder and as a party actively interested in the area of social and environmental responsibility, Eco Oro has made additional efforts to conform its policies and strategies to IFC standards.

## **RISK FACTORS**

In addition to the usual risks associated with an investment in a mineral exploration and development company, the directors of the Company believe that, in particular, the risk factors set out below should be considered. It should be noted that this list is not exhaustive and that other risk factors may apply. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors of the Company are currently unaware or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment. An investment in the Company may not be suitable for all investors.

### **Dependence on One Principal Exploration Stage Property**

The Company's current efforts are focused primarily on the Angostura Project, which is in the exploration stage. The Angostura Project may not develop into a commercially viable ore body, which would have a materially adverse effect on the Company's potential mineral resource production, profitability, financial performance and results of operations.

### **Environmental and Other Regulatory Requirements**

The activities of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The exploration and development activities of the Company require permits from various governmental authorities and such operations are and will be governed by laws and regulations governing exploration, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety, mine permitting and other matters. Companies engaged in exploration and development activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for exploration and development will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Company may undertake. The Company believes it is in substantial compliance with all material laws and

regulations which currently apply to its activities and that it does not currently have any material environmental obligations. However, there may be unforeseen environmental liabilities resulting from exploration, development and/or mining activities and these may be costly to remedy.

Other than the environmental mining insurance policies required by law for mining title, the Company does not maintain insurance against environmental risks. As a result, any claims against the Company may result in liabilities which could have a significant adverse effect on the operations and financial condition of the Company.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenditures and costs or require abandonment or delays in developing new mining properties.

### **Foreign Country and Political Risk**

The Company's only mineral properties are located in Colombia. The Company is subject to certain risks, including currency fluctuations, possible political or economic instability which may result in the impairment or loss of mineral concessions or other mineral rights, opposition from environmental or other non-governmental organizations and mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business. Exploration and development may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, royalties on production, expropriation of property, environmental legislation and mine and/or site safety.

Colombia remains a developing country. Notwithstanding the progress achieved in restructuring Colombian political institutions and revitalizing its economy, the present administration, or any successor government, may not be able to sustain progress achieved. Although the Colombian economy has experienced growth in recent years, if the economy of Colombia fails to continue growth or suffer recession, it may have an adverse effect on the Company's operations in that country. The Company does not carry political risk insurance.

Colombia has in the past experienced a difficult security environment. In particular, various illegal groups involved in terrorism, extortion and kidnapping have been active in the regions in which the Company's mineral properties are located. There have been significant improvements in the security since 2002 and in the area where Eco Oro is active, the situation has been relatively stable. If the security improvements are not maintained, it could have an adverse effect on the Company's continued operations in the area.

## **Exploration and Mining Risks**

The business of exploring for minerals and mining involves a high degree of risk. Only a small proportion of the properties that are explored may ultimately develop into producing mines. The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour and other risks involved in the operation of mines and the conduct of exploration programs. As Colombia is a developing country, which lacks the necessary local expertise, the Company has relied, and may continue to rely, upon consultants and others for operating expertise. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations or funds required for development can be obtained on a timely basis. The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Short term factors, such as the need for orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in reserves or resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. Depending on the price of gold or other minerals produced, which have fluctuated widely in the past, the Company may determine that it is impractical to commence or continue commercial production.

## **Financing Risks**

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration or for further development of the Angostura Project. Further exploration and development will be dependent upon the Company's ability to obtain financing through joint venturing, equity or debt financing or other means. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

## **Limited Experience with Development-Stage Mining Operations**

The Company has limited previous experience in placing mineral properties into production and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places any of its mineral properties into production.

## **Areas Excluded from Mining Activities**

The current Colombian mining regime, including the National Development Plan, provide for areas to be excluded from mining activities. This could materially affect development of the infrastructure for the Angostura Project as envisioned by the Updated Preliminary Economic Assessment. The Company

believes that it should not be subject to these provisions relating to excluded areas. However, currently both regional and national governments are working on defining the boundaries of a regional park and páramo ecosystem in the areas where the Angostura Project is located, which park and ecosystem would be areas excluded from mining. For this reason there is no assurance that development of the Angostura Project as currently envisioned by the Updated Preliminary Economic Assessment will be permitted. The final determination on the boundaries of the regional park and páramo ecosystem will be made by the Ministry of Environment and Sustainable Development and the CDMB. Should modifications to the Angostura Project be required as a result of the exclusion of the area from mining activities, it may result in additional costs and/or delays which could materially affect the commercial viability and profitability of future operations.

### **Estimates of Mineral Resources and Production Risks**

The mineral resource estimates included in this Annual Information Form are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, the grade of mineralization which may ultimately be mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. The estimated resources described in this Annual Information Form should not be interpreted as assurances of commercial viability or potential or of the profitability of any future operations.

### **Labour Issues**

A national labour union has provided notice that a group of employees at the Company's operations in Colombia have unionized. Previously, the Company's workforce has not been unionized. The Company is considering its options with respect to the union's activities. Although the Company will seek to execute a favourable agreement with its unionized employees, development costs at the Company's operations in Colombia could increase. In addition, if collective bargaining were to prove unsuccessful, a work stoppage could result, which could have a material adverse effect on our business, financial condition or results of operations.

### **Mineral Prices**

The mineral exploration and development industry in general is intensely competitive and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist for the sale of the same. Factors beyond the control of the Company may affect the marketability of any substances discovered. Mineral prices have fluctuated widely, particularly in recent years. The marketability of minerals is also affected by numerous other factors beyond the control of the Company, including government regulations relating to price, royalties, allowable production and importing and exporting of minerals, the effect of which cannot accurately be predicted.

### **Uninsured Risks**

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fire, flooding and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

**Competition**

The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of exploration and development rights on desirable mineral properties as well as for the recruitment and retention of qualified employees. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring exploration and development rights on such properties or to recruit and retain such employees.

**Title Matters**

The acquisition of title to mineral concessions in Colombia is a detailed and time consuming process. Although the Company has diligently investigated title to all mineral concessions and, to the best of its knowledge, title to all of its properties is in good standing, this should not be construed as a guarantee of title. Other parties may dispute title to any of the Company's mineral properties and any of the Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected encumbrances or defects or governmental actions. Title to the Company's properties may also be affected by undisclosed and undetected defects. In every case in which the Company has detected a defect, a risk assessment has been performed, and none of them have been classified as high risk. In addition all corrective measures are being implemented on detected defects.

**Conflicts of Interest**

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

**Dependence on Key Personnel**

The Company is dependent on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Company. The Company does not have key person insurance on these individuals.

**Share Price Fluctuations**

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies such as the Company, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

### **Currency Fluctuations**

The Company's operations in Colombia make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company reports its financial results in U.S. dollars with the majority of transactions denominated in U.S. dollars, Canadian dollars and Colombian pesos. As the exchange rates between the Colombian peso and the Canadian dollar fluctuate against U.S. dollar, the Company will experience foreign exchange gains or losses. The Company does not use an active hedging strategy to reduce the risk associated with currency fluctuations.

### **No Dividends**

Any payments of dividends will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the Company's board of directors may consider appropriate in the circumstances. It is unlikely that the Company will pay dividends in the immediate or foreseeable future.

### **Enforcement of Civil Liabilities**

Substantially all of the assets of the Company are located outside of Canada, and certain of the directors and officers of the Company are resident outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company or the directors and officers of the Company residing outside of Canada.

## **MINERAL PROJECTS**

### **General**

Colombia is a democratic republic located in the northwest part of South America, whose capital and principal city is Bogotá, D.C.

Foreign investment is subject to the same treatment as domestic investment. However, any foreign company that wishes to do business in Colombia is required to incorporate a branch or other corporate entity authorized by commercial law. Most sectors are open to foreign investment with the exception of defense, national security and some activities related to toxic waste and real estate. Foreign investments must be registered with the Central Bank of Colombia. Profits associated with registered foreign investments can be remitted in convertible currency. There is no limitation on the repatriation of capital or profits.

Colombian source income received by branches of foreign companies is subject to a 33% income tax rate on profits. The tax is payable on non-recurring profits received by foreign branches in Colombia.

### ***Mining Industry in Colombia***

Under Colombian mining law, generally, all minerals, whether they are located on the soil or subsoil, are the property of the State. Obtaining mining rights does not transfer ownership of the mineral estate, but creates a temporary right to explore and benefit from exploitation of the minerals in exchange for royalty payments as long as the mining title remains in good standing. In Colombia, mining titles are subject to the legal regime in force at the time they were granted. Colombia has several mining regimes that currently have application, including: Law 685, 2001 (the "2001 Mining Code"), amended by Law 1382, 2010 (the "2010 Amendment"); Decree 2655, 1988 (the "1988 Mining Code"); Law 20, 1969 and the

Civil Code (prior to Law 20, 1969), which are applicable to privately owned minerals. The Company holds mining titles under the 1988 Mining Code and 2001 Code with certain modifications of the 2010 Amendment. In May 2011, the Colombian Constitutional Court declared the 2010 Amendment unconstitutional and limited its enforcement to the following 2 years. Once that period has elapsed, the 2010 Amendment will be abolished. In the meantime, favorable aspects of the 2010 Amendment are applicable but whether they will continue to apply after this time is not clear.

The Ministry of Mines and Energy is the principal mining authority in Colombia and in charge of managing mining resources and formulating mining policies. Currently, the Ministry of Mines and Energy has delegated the administration of non-renewable resources to the Colombian Geological Service (*Servicio Geológico Colombiano* or “SGC”, which, prior to November 3, 2011, was known as Ingeominas) and some territorial entities until the new mining authority known as National Mining Agency is operational, which is expected to occur later this year. SGC currently has responsibility in the area of the Angostura Project.

Under the Colombian mining regime, exploration and exploitation activities require a mining license or concession. Except for activities done in ethnic minority areas, prospecting activities do not require authorization from the State.

Mining titles may be granted directly from the State or assigned from third parties who previously acquired title. Filing a mining title request does not grant mining rights, however it does grant a preferential right over any further filings in the same or overlapping areas. Mining title requests must be processed by the SGC or the corresponding territorial entity within 180 calendar days but, in practice, processing often takes considerably longer. Assignments of mining titles from third parties are deemed approved whenever the mining authority fails to issue a response within 45 business days of the filing of the assignment notice. Once a mining title is granted or a mining title assigned, it must be registered before the national authority for the purpose of inscription, authenticity, validity and publicity.

The 1988 Mining Code establishes four types of mining titles: exploration licenses, exploitation licenses, public contributions and concession agreements. An exploitation license grants the right to exploit mineral resources for a term of 10 years, with a right to apply for an additional 10 year extension upon its expiry. It may also be converted into a concession agreement subject to the mining code in force. The conversion will be granted for a 20 year term, extendable according to the applicable regime (currently 20 years). 1988 Mining Code Concession agreements are granted for 30 year terms without the right to extension. The Company holds exploitation licenses and concession agreements that are governed by the 1988 Mining Code.

The 2001 Mining Code provides for only one type of mining title, known as a concession, which is granted for a term of 30 years. The concession is divided into 3 phases: (i) exploration, with a 3 year term, which may be extended up to 8 years in 2 year extensions each, for a total of 11 years according to the 2010 Amendment; (ii) construction and installation, with a 3 year term which may be extended for an additional year according to the 2010 Amendment; and (iii) exploitation, comprising the remainder of the 30 year term. The concession may be extended for an additional 30 years, unless granted under the 2010 Amendment, in which case it may only be extended for an additional 20 years. Under the 2001 Mining Code, the extension is deemed approved whenever the mining authority fails to issue a response before the termination of the phase. The Company holds several concessions, including its principal mineral titles, that are governed by the 2001 Mining Code.

Holders of mining titles are required to pay an annual surface tax (*canon superficialario*) depending on the number of hectares covered by each title and the mining regime applicable the title ranging from a daily minimum wage (approximately \$10) per hectare to three times the daily minimum wages per hectare.

Pursuant to the 1988 Mining Code and 2001 Mining Code, surface taxes are as follows: (i) up to 2000 hectares, 1 daily minimum wage; (ii) above 2000 to 5000 hectares, 2 daily minimum wages; and (iii) above 5,000 and 10,000 hectares, 3 daily minimum wages. Pursuant to the 2010 Amendment, surface taxes are dependent upon the extension and time elapsed in the concession as follows: (i) years 1 to 5, 1 daily minimum wage; (ii) years 6 and 7, 1.25 minimum daily wages, and (iii) years 8 to 11, 1.5 minimum wages. Titles in the exploitation phase do not require payment of surface taxes. All the Company's surface tax obligations are governed by the provisions of the 2001 Mining Code.

The 2001 Mining Code requires an environmental mining insurance policy for each concession to ensure compliance with mining and environmental obligations as follows: (i) 5% of the budget for the annual investments during the exploration and the construction phases, and (ii) 10% of the result of multiplying the estimate of annual production (volume) and the price of the mineral at the mine head. The 2010 Amendment provides for the possibility of substituting the insurance with a personal guarantee.

Surface rights are not considered a part of the mining titles or rights and are not governed by mining laws even though the mining regime provides for expropriation of real property and the imposition of easements and rights of way. Surface rights must be acquired directly from the owners of such rights but it is possible to request that judicial authorities facilitate expropriation and/or grant easements or rights of way necessary for a mining operation.

In order to initiate the construction phase, a company must file a PTO within the final three 3 months of the exploration phase. The PTO is a technical document that describes, among others things, the area of operation, the characteristics of reserves to be exploited, the location of facilities and mining works, the mining plan of exploitation, the scale and duration of the expected production, the physical and chemical characteristics of minerals that are going to be exploited and the closure plan of exploitation and abandonment of the assemblies and the infrastructure. During the construction phase, the concessionaire may make changes and additions that are necessary prior to filing with the environmental and mining authorities. During this phase, the concessionaire is authorized to initiate anticipated exploitation and make use of provisional equipment and civil works.

### ***Environmental Policies in Colombia***

Mining activities are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. The Constitution, the National Code of Renewable Natural Resources and Protection of the Environment (Decree – Law 2811 of 1974) as well as Law 99 of 1993, form the basis of environmental regulations in Colombia.

Under the environmental legal regime, the use of water (superficial or underground), air, flora and fauna, as well as the generation of solid and liquid discharges and dumpings are subject to prior licenses, permissions and concessions. Environmental legislation in Colombia is evolving and the general trend has been towards stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and increasing liability for companies and their officers, directors and employees.

The principal environmental authority in Colombia is the Ministry of Environment and Sustainable Development, with national jurisdiction, in charge of formulating environmental and renewable natural resources policies and defining regulations focused on reclamation, conservation, management and use of natural resources and surveillance of all activities that may have an environmental impact. Recently, all

activities associated with environmental permitting and control have been delegated to the National Environmental Licensing Authority (*Autoridad Nacional de Licencias Ambientales* or “ANLA”). At a regional level, the Ministry of Environment and Sustainable Development and ANLA functions are executed by Regional Autonomous Corporations. Together they constitute the principal environmental authorities. In the Company’s area of operation, the Regional Autonomous Corporation in charge of environmental surveillance is the CDMB. The Ministry of Environment and Sustainable Development is entitled to take control over Regional Autonomous Corporations at its discretion, on a case by case basis, when circumstances require it to do so. Both authorities have the following functions: (i) prevent and/or suspend any activity it deems contrary to environmental standards; (ii) reserve and define areas excluded from mining activities (i.e. forest reserves and páramo ecosystem); and (iii) approve environmental instruments, such as environmental management plans (*Planes de Manejo Ambiental* or “PMAs”), mining and environmental guides (*Guías Minero Ambientales* or “GMAs”) and Environmental Impact Assessments (*Estudios de Impacto Ambiental* or “EIAs”), environmental licences and permits.

PMAs, GMAs and EIAs are the principal environmental instruments that allow the Government to oversee activities that have the potential to impact the environment. These documents must be adopted by the concessionaire and define detailed measures and activities to be implemented for the mitigation, compensation and prevention of adverse environmental effects of a project. They also include follow-up, monitoring, contingency, and abandonment activities. The execution of activities under the exploration, construction and exploitation phase require the approval of one of these instruments. Prospecting activities are not subject to environmental permitting, without prejudice of any permit or concession necessary for the use of natural renewable resources.

Mining operations (in their exploration, construction and exploitation phases) that started activities before Law 99, 1993 was in force are subject to the application of a PMA previously approved by a Regional Autonomous Corporation. After Law 99, 1993 came into force, construction and exploitation operations required the approval of an environmental license and only exploration phase activities remained subject to the application of a PMA previously approved by a Regional Autonomous Corporation. After Law 685, 2001 came into force, GMAs replaced PMAs for exploration phase activities. Neither a PMA nor a GMA constitute permission to use natural resources and therefore authorization of the corresponding environmental authority is required (e.g. water concessions, dumping permits). Environmental licenses, however, include all necessary permits for the use of natural resources. The initiation of the construction and exploitation phase require granting of the environmental license. Under the current mining regime, an environmental license for a gold project is granted by ANLA when total tonnage of extracted ore material and waste material is equal or more than 2,000,000 tons per year. Regional Autonomous Corporations will grant environmental licenses whenever total tonnage of extracted ore material and waste material is less than 2,000,000 tons per year. The Angostura Project is expected to be subject to ANLA jurisdiction.

An environmental license request may require public hearings at which the company presents the project and allows the community to understand its scope, as well as to express their opinion on the feasibility of the project. Public hearings have to be expressly requested by third parties. The request also requires filing of an EIA which will contain elements, information, data and recommendations as may be required to describe and characterize the physical, social and economic environment of the place or region of the works of exploitation; the impact of such works with its corresponding evaluation; plans for prevention, mitigation, correction and compensation of those impacts; specific measures to be applied to the abandonment and closure of the mining works and its management plan; and the necessary investment and monitoring required with respect to these activities. Once an environmental license has been granted, the company may initiate construction and exploitation activities.

The 2001 Mining Code, as well as the 2010 Amendment and the National Development Plan define the existence of areas that may be excluded from mining activities, such as regional parks and páramo

ecosystems. For an area to be excluded from mining it the geographic boundary must have been determined by the relevant environmental authority based on technical, social and environmental studies, which support the incompatibility of mining activities, or in the specific case of páramo ecosystems, which support the existence of said ecosystems. Currently both the Ministry of Environment and Sustainable Development and CDMB are working on the definition of a regional park, as well as a páramo ecosystem in the area where the Angostura Project is located. A final decision on the regional park and páramo ecosystem will be made by the Ministry of Environment and Sustainable Development and the CDMB.

### ***Taxes and Royalties***

The Government of Colombia is currently entitled to receive royalties on gold and silver production equal to 4% of 80% of the value of the minerals extracted, which is calculated using the average gold and silver prices published by the London Metal Exchange.

Under the 2001 Mining Code, Colombian staff of a mining company, as a whole, should receive not less than 70% of the total payroll of qualified or of skilled personnel in upper management or senior level staff, and no less than 80% of the value of total payroll of the subordinates. Upon prior authorization, relief may be granted by the Ministry of Labour for a specified time to allow specialized training for Colombian personnel.

### **Angostura Project**

The following summary is from the Updated Preliminary Economic Assessment Technical Report and the detailed disclosure in the Updated Preliminary Economic Assessment Technical Report is incorporated into this Annual Information Form by reference. Reference should be made to the full text of the Updated Preliminary Economic Assessment Technical Report, which is available for review under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Updated Preliminary Economic Assessment Technical Report was prepared for the Company by Dr. Marcelo Godoy, MAusIMM CP, with Golder; Mr. Graeme Farr, MSAIMM, with TWP; Mr. Rowan McKittrick, M.Sc., CGeol, with Schlumberger; and Mr. Jonathan Engels, PhD, with Knight, each of whom is a qualified person and independent for the purposes of National Instrument 43-101, and each of whom has reviewed, verified and takes responsibility for the technical information contained in this section.

## **1.0 SUMMARY**

### **1.1 Scope**

*Eco Oro Minerals Corp. (Eco Oro) commissioned Golder Associates Peru S.A. (Golder) to undertake a Preliminary Economic Assessment (PEA) for the Angostura Gold–Silver Underground Project (Project) in the northern region of Santander, Colombia, and to prepare a Technical Report as defined in Canadian National Instrument 43-101, Standards of Disclosure for Mineral Projects.*

*The updated PEA was prepared by a multidisciplinary team comprising Golder, TWP Sudamérica S.A. ("TWP"), Schlumberger Water Services ("Schlumberger") and Knight Piésold Consulting Ltd. ("Knight Piésold"). The scope of work comprised the development of a conceptual mining operation that included the exploitation of the Angostura gold and silver deposit by underground mining and the preliminary engineering design of the associated processing and infrastructure facilities. Golder completed the mining studies and TWP completed the metallurgical, process design and infrastructure components of the study. Golder also developed the pre and post-tax preliminary cash flow analysis. Schlumberger developed the hydrological and hydrogeological components and Knight Piésold was responsible for the development of the tailings management solution.*

*The Effective Date of this Report is March 23, 2012 ("Effective Date"). This Technical Report discloses the results of a resource estimation update and of the updated preliminary economic assessment carried out to assess the*

*economic potential of the Project. As part of the work Golder undertook a detailed review of data capture, sample storage, QAQC, core logging, geological modeling and grade estimation procedures carried out by Eco Oro and their agents.*

*This report, the resource estimate, and the updated PEA have been prepared in compliance with the disclosure and reporting requirements set forth in the current Canadian Securities Administrator's National Instrument 43-101, Companion Policy 43-101CP, and Form 43-101F1.*

## **1.2 Property Location and Ownership**

*Eco Oro's wholly owned Angostura gold and silver deposit is located in northeastern Colombia near the border with Venezuela, some 400 km north-northeast of the capital city of Bogotá, and approximately 67 km northeast of the city of Bucaramanga in the Department of Santander.*

*The property is located in steep, mountainous and relatively rugged terrain at elevations ranging from 2,400 to 3,500 metres above sea level (m.a.s.l.). The geographic coordinates of the Angostura deposit are N7° 23' latitude and W72° 54' Longitude.*

*Current Project access from Bucaramanga is via the partially-paved Matanza-Surata-California road, a distance of 67 km and travel time of two to three hours by car, depending on weather conditions. Within the Project area, access is by a network of unpaved roads, tracks and horse and foot trails.*

*Over the past fifteen years Eco Oro has acquired outright ownership of 14 mining titles either by purchase or by application to governmental agencies (concession contracts, exploitation licenses, and exploration licenses) covering approximately 30,000 hectares in the municipalities of California, Vetás, Suratá, Charta and Tona in the Department of Santander, where the Angostura Project is located and in Cucutilla and Mutiscua in the Department of Norte de Santander.*

## **1.3 Project History**

*Early gold mining activities are reported to have occurred in the general area of the Angostura deposit since pre-colonial times and continued during Spanish rule with the mining of high-grade veins and placers. After independence and throughout the last century, precious metals were mined on a small scale in the districts of Vetás and California.*

*Eco Oro became involved in the project in 1994 and until 1999 conducted exploration work consisting of surface mapping, sampling and diamond drilling. The drillhole database at the end of 1999 consisted of 181 diamond drillholes totaling nearly 52,000 m. From 2000 to 2003 no fieldwork was undertaken due to security constraints. Eco Oro re-started surface and underground exploration in 2003 and by May 2008 a total of 277,000 m of drilling had been completed at Angostura.*

*From 2003, exploration work included geochemical sampling, geologic mapping, adit and tunnel excavation, core drilling, and condemnation drilling. Mineral resource estimates were performed in 2005, 2006, 2007, 2008, and 2010. A Preliminary Assessment (PA) for an open pit operation was completed in 2008.*

*A pre-feasibility study for an open pit operation was completed in 2009 by GRD Minproc. This study considered two processing routes, cyanide heap leaching of oxide, transition and low sulfur material to produce doré, and grinding and flotation of high sulfur/high gold content material to produce concentrate. The feasibility study was commissioned during 2010 but Eco Oro decided it would not proceed with finalization of the study. In March 2011, Eco Oro filed requests with MAVDT and Ingeominas to desist from the administrative procedures of the environmental licensing and evaluation and approval of the PTO. Eco Oro also decided not to proceed with finalization and implementation of the feasibility study for the development of an open pit mine at the Angostura Project as configured in the GRD MinProc Preliminary Feasibility Study. Eco Oro considered that the regional and national governments and the community of Bucaramanga did not fully support the development of the Angostura Project as configured in the GRD MinProc Preliminary Feasibility Study and decided to study the viability of alternative options for the Angostura Project that addressed the governments' and the community's concerns." and "On May 26, 2011, Ingeominas notified Eco Oro of writ No. 27, 2011, by means of which the administrative*

authority determined that a request to approve a PTO may not be withdrawn. Ingeominas therefore completed their evaluation of the PTO and issued a report citing technical reasons for rejection of the PTO.” and “ On May 31, 2011, the Ministry of Environment and Sustainable Development, which, on May 4, 2011, assumed environmental matters for which MAVDT previously had responsibility, approved Resolution 1015, 2011 by means of which the administrative authority decided not to desist from the environmental licensing procedure and denied the environmental license for the development of an open pit mine at the Angostura Project as configured in the GRD MinProc Preliminary Feasibility Study citing substantive grounds for this decision. On June 20, 2011, Eco Oro filed before the Ministry of Environment and Sustainable Development a motion to reconsider some of the grounds for this decision. This motion to reconsider was decided by means of Resolution 035, 2011 and was only partially successful.

In April 2011 an initial underground PEA carried out by NCL Consultores was released. The underground mining potential and the preliminary mine production presented in this PEA were constrained by the terms of reference including a gold price of USD850/oz, a gold cut-off grade of 3.0 g/t and a resource estimation update with effective date March 18, 2011. This resource estimation update included drill and assay data acquired up to July 2010.

#### **1.4 Deposit Geology**

The Angostura property is situated in the northern Andes ranges, within the western branch of the Eastern Cordillera in northeastern Colombia, and more specifically within the Santander Massif. The oldest rocks in the Massif are Precambrian gneisses and schists that were part of the Guyana Shield, and which have been regionally metamorphosed to upper amphibolite grade in the Palaeozoic.

Gold mineralization occurs within the Angostura–California gold province, a belt of epithermal gold occurrences that has developed along the regional-scale Rio La Baja fault in association with the Middle Miocene stocks.

The Angostura deposit has a strike extent of 2 km, a width of 1 km, and has recognized vertical extension from the 2,400 to 3,470 m.a.s.l. The deposit is delimited to the northwest by the Angostura Fault and to the southeast by the Móngora Fault. Mineralization continues southward across the Páez Fault, but the steep topography provides an impediment to exploration drilling. To the north, the deposit appears to terminate fairly abruptly against the Mortino Fault in the Cristo Rey area, beyond which only narrow, isolated veins have been identified.

A suite of porphyritic diorite to quartz monzonite bodies and dyke swarms of Triassic age, are intruded into the amphibolite facies Bucaramanga Gneiss, a series of meta-sediments of Proterozoic age. These rocks have been intersected by a swarm of generally east–northeast trending, steeply north-dipping structures. More than 200 individual veins and composite veins have been identified to date by means of surface and underground mapping, and interpretation of drillhole data.

Mineralization occurs in bands, veinlets, stringers, and silicified hydrothermal breccias within the structures. In the upper parts of the mineralized system, alteration and mineralization are stronger in the intrusive host rocks, and the meta-sediments appear to make a poorer host for the gold–silver mineralization.

Mineralized structures vary from less than 2 m for individual veins to over 40 m for composite structures, and strike lengths range from less than 50 m to over 1 km. The intensity of fracturing, and the degree of secondary porosity and permeability of the host rocks controls the density of structures, and therefore the mineralization. Flexures along mineralized structures, vein–vein intersections, and vein–fault intersections are preferred mineralization sites typically displaying higher gold and silver grades. Such higher-grade pods can display ranges from >2–30 m in width, 30–100 m in strike, and 30–300 m down-dip.

The Angostura deposit is sub-divided geographically into a number of areas or zones that, from south to north, are referred to as El Vivito, El Silencio, Nueva Alta, La Perezosa, El Diamante, La Alta and its eastern neighbor La Alta Este, El Pozo, Veta de Barro, Veta de Barro Este, and Cristo Rey.

#### **1.5 Data Verification**

A number of data verification programs and audits have been performed over the Project’s history, primarily in support of compilation of technical reports on the Project. Data checks were also performed in support of the pre-

*feasibility and feasibility studies on the Project. A reasonable level of verification has been completed, and no material issues would have been left unidentified from the programs undertaken.*

*Barry Smee (Smee and Associates Consulting Ltd) is an independent auditor of the preparation laboratory as well as QAQC practices reviewer and has made three visits to the project site since 2004 with the most recent review carried out in September 2010.*

*NCL conducted a review of the database quality, concluding that it was robust and well managed, and noted that security measures precluded data tampering. In the opinion of NCL, Eco Oro used industry best practices to explore for gold and silver on the Angostura project. The exploration data was collected with care and is appropriately managed to ensure the safeguard of exploration information. The resulting exploration data was considered reliable for the purpose of resource estimation.*

*In October 2011, as a part of “Technical Studies for Underground Mine” Golder issued the report “Resource Estimation Review for the Angostura Gold Project” (Golder, 2011). The model was considered appropriate for a conceptual level study*

### **1.6 Mineral Resource Estimate**

*The mineral resource estimation update was carried out by Eco Oro geologists and is dated June 30, 2011 and includes drilling and assay data from up to May 2011. The mineral resource estimate includes information from 973 holes, 315,690 m of drilling and 186,976 gold samples of which 29,382 samples and 44,272 m are in structures.*

*A total of 191 mineralized structures that host high grade were modeled. A wireframe based on mineralization parameters, fractures, faults, more than 25 old tunnels and more than 3,500 m of exploratory tunnels was constructed for each structure. In addition, previous models and previous studies of structures, rock types, hydrothermal alterations and Au-Ag-Cu correlation were taken into consideration during geological interpretation.*

*To reduce dilution, wireframes were snapped to a cut-off grade of 2 g/t Au for structures up to 2 m thickness. For structures with thickness greater than 2 m, wireframes were snapped to a cut-off grade of 1.5 g/t Au bearing in mind the possibility of using different underground exploitation methods in different thicknesses of high grade mineralization. The wireframes were projected 20 m laterally and up to 50 m vertically from the last correlated vein intercept.*

*A total of 16 populations were defined according to the location and orientation of mineralized structures. Four main geographic areas of mineralization were defined based on the geological knowledge of the zone, from north to south, Veta de Barro, Central (including the Perezosa fault), Los Laches and El Silencio. In addition, the areas were separated by four predominant directions of the high grade structures in order of priority (formation time): E-NE, E-W, NE, E-SE. Codes were assigned to each block to indicate the oxidation degree as oxide, transitional or sulphide material. A single density value was assigned for each of the weathered zones.*

*Data inside the structures were composited to a standard 1.5 m length. Grade distributions were evaluated using probability plots for all areas. Grade caps were applied to gold, silver, copper and sulfur grades. Variograms were constructed to provide the appropriate distances for search ellipsoid radii for each vein family. Ordinary Kriging was used to interpolate gold, silver, copper and sulfur grades. Each vein was interpolated with its own data and using a search ellipse that follows its own spatial orientation (strike and dip).*

*The model was validated using visual methods, tabulations and comparison between floating window average grades of composites and block estimates to ensure no bias was present. Block estimates were classified as Indicated or Inferred using a combination of distance to the nearest sample and number of drillholes. Reasonable prospects of economic underground extraction were applied and all the mineralized wireframes were limited to 15 m below surface for resources reporting. Table 1 1 presents an estimate of mineral resources based upon the above mentioned methodology for a cut-off grade of 1.5 g/t Au.*

**Table 1-1: Mineral Resource Estimates by Material Type (cut-off grade 1.5 g/t Au)**

<b>Material Type</b>	<b>Indicated<sup>1,2</sup></b>			<b>Inferred<sup>1,2</sup></b>		
	<i>Tonnage (Mt)</i>	<i>Au Grade (g/t)</i>	<i>Ag Grade (g/t)</i>	<i>Tonnage (Mt)</i>	<i>Au Grade (g/t)</i>	<i>Ag Grade (g/t)</i>
<i>Oxide</i>	2.09	2.85	8.96	1.00	2.71	16.00
<i>Transitional</i>	7.33	3.15	18.25	1.97	2.87	18.60
<i>Sulphide</i>	21.20	3.10	14.24	19.26	3.05	15.32
<b>Total</b>	30.62	3.09	14.84	22.24	3.02	15.64

1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves.

2. Mineral Resource tonnages and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.

The mineral resources disclosed in this Technical Report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions.

### **1.7 Preliminary Economic Assessment**

This updated PEA is based on the Mineral Resource Estimate of June 30, 2011 that includes drill and assay data up to May 2011. A gold equivalence ratio of 42.5:1 between silver and gold was applied. Although mining potential was constrained by a gold equivalent minimum average stope grade of 2.5 g/t (AuEq), the mine production plan was based on a gold equivalent minimum average stope grade of 3.0 g/t (AuEq).

The updated PEA incorporates the evaluation of four alternatives for processing including sale of concentrate, roasting, bio-oxidation (BIOX) and pressure oxidation (POX) as well as an agitated tank leach for oxides and transitional resources. The updated PEA also addresses variation in the ability to mine selectively by evaluating both higher grade (3.0 g/t gold equivalent (AuEq) cut-off) and lower grade scenarios (2.0 g/t AuEq cut-off).

Highlights of the Base Case Scenario\* (USD1,200/oz gold and a cut-off grade 2.5 g/t AuEq) include:

- All four alternatives for concentrates produce positive returns with BIOX being the most economically beneficial method evaluated.
- Total recovery of 2.7 million gold equivalent ounces (90% Au).
- Production between 222,000 and 303,000 gold equivalent ounces per annum for 10 years with average annual production of 269,000 gold equivalent ounces.
- Cash costs of USD494/oz (total costs of USD702/oz) over the life of mine including silver by-product credits.
- Estimated initial capital cost of USD529 million.
- Sustaining capital cost of USD117 million.
- Post-tax NPV (5% discount) of USD334 million.
- Post-tax IRR of 14.8%.
- Payback in 5.5 years.
- Mine life of 10 years @ 6,000 tonnes production per day (tpd).

\* Based on a gold price of USD1,200/oz and a silver price of USD18.25/oz in the first two years followed by a life of mine price of USD1,200/oz for gold and USD15.85/oz for silver.

Project sensitivity analysis indicates that the project NPV is more sensitive to feed grade and metal price followed by operating costs and then capital costs, Table 1 2 shows the post-tax sensitivity to gold price for the base case scenario (cut-off grade 2.5 g/t AuEq).

**Table 1-2: Post-Tax Sensitivity to Gold Price (NPV 5%)**

<b>BIOX</b>	<b>US\$1,200/oz</b>	<b>US\$1,400/oz</b>	<b>US\$1,700/oz</b>
NPV US\$ (Million)	334.5	584.2	950.9
IRR (%)	14.8	20.7	28.1
Payback (years)	5.5	4.3	3.2

*It should be noted that this updated PEA is preliminary in nature, that it includes inferred mineral resources that are too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment and project economics will be realized.*

### **1.7.1 Metallurgy and Processing**

*Extensive metallurgical test work has been performed over the years as detailed in Table 1-3.*

**Table 1-3: Post-Tax Sensitivity to Gold Price (NPV 5%)**

<b>Laboratory</b>	<b>Scope of Work</b>
McClelland	Extensive column & bottle roll leach testing and flotation testwork
G&T	Extensive flotation testwork
Metcom	Extensive column & bottle roll leach testing and flotation testwork
SGS (Chile & South Africa)	Extensive flotation testwork (pilot plant run) and mineralogical analysis
Barrick Goldstrike	POX preliminary testwork
Hazen Research	Preliminary roasting & leach testing
Goldfields	Extensive BIOX testwork on flotation concentrate

*Gold recoveries vary between 85.5% for sulphide and 84.0% for oxide and transitional material. Silver recoveries vary between 52% for sulphide, 88% for oxide and 82% for transitional material. Despite this difference, for the purpose of the updated PEA, gold recoveries have been applied to both metals as gold accounts for 89-91% of AuEq recovery. Finally, a gold equivalence ratio of 42.5:1 between silver and gold was applied in the economic evaluation.*

*The processing facility will generate three distinct residues:*

- *Oxide CIP residues.*
- *Oxidized/leached concentrate residues.*
- *Flotation tailings.*

*Oxide CIP and oxidized/leached concentrate residues are considered to undergo full cyanide detoxification and be combined with a portion of the flotation tailings to feed the backfill plant. In total, backfill will comprise 60% of the flotation tailings produced. The remaining 40% will be filtered to less than 10% moisture content and will be deposited at the tailings storage facility.*

### **1.7.2 Underground Mining**

*Underground mine design work presented in the updated PEA is based on indicated and inferred resources.*

*The underground mining methods considered in the updated PEA vary according to rock quality domains and vein*

width. Three sublevel stoping variations were considered including sublevel open stoping, bench & fill and cut & fill. In-stope mineral resource estimates including planned dilution were determined from the selected mineralized structures by generating wireframes that satisfy the 2.5 g/t AuEq average mining grade using a gold equivalence ratio of 42.5:1 between silver and gold.

Contours were created from horizontal sections at 20 m intervals. These polygons were tied between levels to delineate the corresponding solids representing the stopes. A minimum width of 2 m was applied for the construction of the solids. Given the separation of the levels and the width of the structures, the delineation of the stopes does not accurately follow the limits of the high grade structures, incorporating dilution to the content of stopes. The economic parameters used in the definition of the stopes are detailed in Table 1 4 Table 1 5 shows the indicated and inferred in-stope mineral resources for each cut-off grade scenario.

**Table 1-4 Economic Parameters**

Mining Cost	USD/t	15-60 (Av. 40)
Processing Cost	USD/t	24.3 (BIOX)
G&A	USD/t	5
Selling	USD/oz Au	5
Sulphide recovery AuEq	%	85.56 (BIOX)
Oxides & Transitional recovery AuEq	%	84.07

**Table 1-5 In-stope Mineral Resources**

Cut-off AuEq	Indicated			Inferred		
	Tonnage	Grade	Grade	Tonnage	Grade	Grade
	(Mt)	Au (g/t)	Ag (g/t)	(Mt)	Au (g/t)	Ag (g/t)
2	19.73	3.55	16.51	10.24	3.53	16.95
2.5	13.98	4.23	17.77	7.19	4.20	18.99
3	10.39	4.81	20.90	5.37	4.81	20.53

Note: In-stope mineral resources exclude stabilizing crown, sill and rib pillars

Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.

The updated PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized. Additional drilling will be required and is planned to better categorize these mineral resources.

### 1.7.3 Infrastructure and Services

All ancillary facilities required for mine and plant operations were considered in the updated PEA, including access requirements, water supply and energy supply (including high tension electricity transmission lines). Buildings and

other facilities such as workshops, truck-shops, storage and communications have also been taken into account. Some of the key strategic advantages for the development of the Project in terms of infrastructure and services are:

- Located 67 km by road from Bucaramanga (city with population of 1.2 million).
- All season access by roads.
- Access to major power grid.
- Abundant water and materials available.
- Access to educated local work force.

#### 1.1.4 Economic Evaluation

Economic results for the base case, higher grade and lower grade scenarios are summarized in Table 1-6, Table 1-7 and Table 1-8 respectively.

**Table 1-6 Economic Evaluation – Base Case Scenario (gold price of 1,200 USD/oz and cut-off grade of 2.5 g/t AuEq)**

<i>Item</i>	<i>Unit</i>	<i>Conc. sales</i>	<i>Roaster</i>	<i>POX</i>	<i>BIOX</i>
<i>Doré incl Oxide Plant</i>	<i>oz</i>		12,872,089	13,488,099	12,995,291
<i>Au in doré</i>	<i>oz</i>		2,428,374	2,540,803	2,450,860
<i>Ag in doré</i>	<i>oz</i>		10,443,715	10,947,295	10,544,431
<i>Mining cost</i>	<i>USD/t</i>	38.3	38.3	38.3	38.3
<i>Processing cost</i>	<i>USD/t</i>	10.8	27.9	24.8	24.3
<i>G&amp;A</i>	<i>USD/t</i>	5	5	5	5
<i>Selling</i>	<i>USD/oz</i>		5	5	5
<i>Royalties</i>	<i>%</i>	3.2%	3.2%	3.2%	3.2%
<i>Total</i>	<i>USD/oz</i>		703	687	702
<i>Mine &amp; Infrastructure</i>	<i>USD (Million)</i>	206.6	264.8	264.8	264.8
<i>Plant</i>	<i>USD (Million)</i>	173.6	316.9	334.6	264.1
<i>Total Capital</i>	<i>USD (Million)</i>	380.2	581.7	599.5	528.9
<i>NPV 5% pre-tax</i>	<i>USD (Million)</i>	194.1	370.1	579.9	574.6
<i>IRR pre-tax</i>	<i>%</i>	13.0%	14.9%	19.1%	20.5%
<i>NPV 5% post-tax</i>	<i>USD (Million)</i>	87.1	193.2	332.3	334.5
<i>IRR post-tax</i>	<i>%</i>	9.0%	10.5%	13.8%	14.8%

**Table 1-7 Economic Evaluation – Higher Grade Scenario (gold price of 1,200 USD/oz and cut-off grade of 3.0 g/t AuEq)**

<i>Item</i>	<i>Unit</i>	<i>Conc. sales</i>	<i>Roaster</i>	<i>POX</i>	<i>BIOX</i>
<i>Doré incl Oxide Plant</i>	<i>oz</i>		12,704,842	13,287,614	12,821,396
<i>Au in doré</i>	<i>oz</i>		2,019,639	2,113,866	2,038,485
<i>Ag in doré</i>	<i>oz</i>		10,685,202	11,173,748	10,782,912

<i>Item</i>	<i>Unit</i>	<i>Conc. sales</i>	<i>Roaster</i>	<i>POX</i>	<i>BIOX</i>
<i>Mining cost</i>	<i>USD/t</i>	40.0	40.0	40.0	40.0
<i>Processing cost</i>	<i>USD/t</i>	10.8	27.9	24.8	24.3
<i>G&amp;A</i>	<i>USD/t</i>	5	5	5	5
<i>Selling</i>	<i>USD/oz</i>		5	5	5
<i>Royalties</i>	<i>%</i>	3.2%	3.2%	3.2%	3.2%
<i>Total</i>	<i>USD/oz</i>		638	628	650
<i>Mine &amp; Infrastructure</i>	<i>USD (Million)</i>	206.59	264.84	264.84	264.84
<i>Plant</i>	<i>USD (Million)</i>	173.62	316.88	334.62	264.07
<i>Total Capital</i>	<i>USD (Million)</i>	380.21	581.73	599.46	528.91
<i>NPV 5% pre-tax</i>	<i>USD (Million)</i>	217.46	305.85	530.79	573.85
<i>IRR pre-tax</i>	<i>%</i>	17.0%	15.9%	21.5%	24.3%
<i>NPV 5% post-tax</i>	<i>USD (Million)</i>	41.76	148.41	302.60	340.14
<i>IRR post-tax</i>	<i>%</i>	7.8%	10.6%	15.1%	17.4%

**Table 1-8 Economic Evaluation – Lower Grade Scenario (gold price of 1,200 USD/oz and cut-off grade of 2.0 g/t AuEq)**

<i>Item</i>	<i>Unit</i>	<i>Conc. Sales</i>	<i>Roaster</i>	<i>POX</i>	<i>BIOX</i>
<i>Doré incl Oxide Plant</i>	<i>oz</i>		16,092,408	16,875,562	16,249,039
<i>Au in doré</i>	<i>oz</i>		2,830,344	2,969,167	2,858,109
<i>Ag in doré</i>	<i>oz</i>		13,262,064	13,906,395	13,390,930
<i>Mining cost</i>	<i>USD/t</i>	36.0	36.0	36.0	36.0
<i>Processing cost</i>	<i>USD/t</i>	10.8	27.9	24.8	24.3
<i>G&amp;A</i>	<i>USD/t</i>	5	5	5	5
<i>Selling</i>	<i>USD/oz</i>		5	5	5
<i>Royalties</i>	<i>%</i>	3.2%	3.2%	3.2%	3.2%
<i>Total</i>	<i>USD/oz</i>		763	740	756
<i>Mine &amp; Infrastructure</i>	<i>USD (Million)</i>	206.59	264.84	264.84	264.84
<i>Plant</i>	<i>USD (Million)</i>	173.62	316.88	334.62	264.07
<i>Total Capital</i>	<i>USD (Million)</i>	380.21	581.73	599.46	528.91
<i>NPV 5% pre-tax</i>	<i>USD (Million)</i>	-30.03	266.21	519.88	505.93
<i>IRR pre-tax</i>	<i>%</i>	3.8%	11.1%	15.6%	16.4%

<i>NPV 5% post-tax</i>	<i>USD (Million)</i>	<i>-75.39</i>	<i>106.41</i>	<i>276.96</i>	<i>274.84</i>
<i>IRR post-tax</i>	<i>%</i>	<i>1.6%</i>	<i>7.6%</i>	<i>11.1%</i>	<i>11.7%</i>

### **1.8 Environmental**

*The underground operation minimizes the surface foot print from mining activities:*

- *Surface infrastructure at Angostura restricted to tailings impoundment (40% of mine production) & backfill plant at El Pozo (3,400 m elevation) and pipelines, power and service roads to these facilities. Backfill amounts to 60% of tailings production.*
- *Initial waste development deposited in waste rock dumps on surface at La Perezosa (2,850 m elevation) and La Herrera (3040 m elevation). Subsequent waste development disposed of in mined-out stopes.*
- *Treatment plant footprint at Animas (3,200 m elevation).*
- *Capture of contact waters (tailings impoundment, waste rock dumps and underground), treatment and return to La Baja creek.*

### **1.9 Community**

*Eco Oro is committed to developing the Angostura project in a socially and environmental responsible manner that will be beneficial for the local and regional people, as well as Colombia as a whole:*

- *Eco Oro has implemented a Business Practice founded on 3 pillars, Core Business, Support Business and Social Investment Initiatives. All provide employment opportunities and freedom of movement between them.*
- *Eco Oro has implemented a Sustainable Social Responsibility ("SSR") model that seeks to provide human and capital capacity within area of operations. Eco Oro is providing institutional capacity building with a program co-financed with the International Finance Corporation - A member of the World Bank Group. The SSR model includes:*
  - *Support Businesses that are often outsourced to small business in the area of operations.*
  - *Small Business Initiative established to build human and capital capacity for Support Business in the area of operations.*
  - *Social Investment Initiatives managed through a Foundation which provides support to local and regional communities in the area of operations.*

### **1.10 Qualified Persons**

*The updated PEA and this Technical Report were prepared under the supervision and review of Dr. Marcelo Godoy, MAusIMM (CP), with Golder; Mr. Graeme Farr, MSAIMM, with TWP; Mr. Rowan McKittrick, with Schlumberger; and Mr. Jonathan Engels, with Knight, each of whom is a qualified person and independent for the purposes of National Instrument 43-101.*

### **1.11 Conclusions and Recommendations**

*Golder has reviewed the project data and the drillhole database and has visited the project site. Golder believes that the data provided by Eco Oro, as well as the geological interpretations Eco Oro and their agents have derived from the data, are generally an accurate and reasonable representation of the Angostura's mineralized structures.*

*The block grade estimates have been derived using methodology and parameters that are appropriate for the observed spatial continuity of grades and style of mineralization. The mineral resources disclosed in this Technical Report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions.*

*The findings of this updated PEA provide compelling arguments to complete exploration and infill drilling and proceed with the development of a Preliminary Feasibility Study (PFS) for an underground only operation at Angostura.*

*The compelling economics derived in this assessment support drilling aimed at upgrading the existing inferred mineral resources and checking the extension of recognized mineralized structures. In this regard there is an ongoing 45,000 m diamond drilling campaign designed to enhance the confidence level of some of the inferred resources and expand the current underground resource.*

*The following studies should be carried out to support the next phase of project development:*

- *A resource estimation update to include all information acquired during 2011.*
- *Trade-off studies including different processing options and mining schedules.*
- *Further metallurgical testing to optimize process parameters and project economics.*
- *Geotechnical characterization program including oriented drilling to support mine design and costing.*
- *Trade-off studies in phasing of initial capital investment such as delaying treatment of oxide and transitional resources.*

## **Móngora**

Dr. Marcelo Godoy, MAusIMM CP, with Golder; a qualified person and independent for the purposes of National Instrument 43-101, has reviewed, verified and takes responsibility for the technical information contained in this section.

Móngora has near surface oxide gold mineralization and deeper sulphide gold mineralization and was discovered in 2008. It is located within the Angostura Project area 3km south of the Angostura mineral deposit. The Móngora prospect is defined by a large, over 1.5 km long by 300-500 m wide gold-in-soil anomaly.

In March 2012, the Company announced the completion of its initial mineral resource estimate for the Móngora deposit. Highlights of the estimate were:

- Inferred mineral resource estimate of 3.1 million tonnes grading 2.86 g/t of gold and 4.62 g/t of silver for a contained 282,867 ounces of gold and 456,938 ounces of silver at a cut-off grade of 1.5 g/t of gold.
- The Móngora deposit remains open to significant expansion both along strike and at depth.
- The gold-silver geochemical anomaly that outlines the Móngora deposit extends to west where it joins with the Violetal target area.
- The inferred mineral resource occurs at a favourable elevation of 2,600 to 3,200 meters above sea level and covers an area of 40 hectares.
- The inferred mineral resource estimate was completed by Golder and is based on (a) 58 diamond drill holes totalling 20,276 meters of core and (b) 103 wireframes modelled by the Company's geologists.
- The Móngora deposit has the potential to enhance the value of the envisioned Angostura underground mine project. The occurrence of the Mongora deposit on the trajectory of a possible access tunnel to the Angostura deposit makes the deposit attractive as not only are the prospects for further expansion of the mineralization at Móngora favourable but its close proximity to Angostura also opens up the possibility of developing Móngora as an early source of mineralized feed in the development of the underground project.

The mineralization at Móngora is similar to the Angostura deposit as it hosts higher-grade gold mineralization including intercepts of 116 g/t gold over 2.0 meters, 22.2 g/t gold over 2.0 meters and

12.35 g/t gold over 1.6 meters within broader zones of lower-grade gold mineralization. The gold mineralization is hosted in narrow quartz veinlets with associated pyrite in structures within three intrusives; an amphibole rich diorite, a medium grained tonalite and a quartz feldspar porphyry. Alteration assemblages include dickite and illite. At least three different structural directions hosting these veinlets are apparent, representing at least two different events. One set of the veinlets is sometimes sub-parallel to the drill core, while the other two are generally cross cut by the intercepts.

### Móngora Inferred Mineral Resource Estimate

Cut-off g/t Au	Zone	Tonnage kt	Gold g/t	Silver g/t	Contained Oz Au
1.5	Oxides	1,057	2.83	5.32	96,205
	Sulphides	2,019	2.88	4.25	186,940
	Total	3,076	2.86	4.62	282,867
2.0	Oxides	760	3.25	5.88	79,431
	Sulphides	1,307	3.47	4.46	145,853
	Total	2,068	3.39	4.98	225,343
2.5	Oxides	500	3.77	6.48	60,653
	Sulphides	961	3.94	4.43	121,700
	Total	1,461	3.88	5.13	182,269
3.0	Oxides	313	4.36	6.50	43,885
	Sulphides	666	4.48	4.54	95,904
	Total	979	4.44	5.17	139,738
3.5	Oxides	193	5.05	6.38	31,327
	Sulphides	532	4.81	4.68	82,323
	Total	725	4.87	5.13	113,561

*The mineral resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions.*

*Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.*

### DIVIDENDS

The Company has not paid any dividends on its common shares since its incorporation. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business. There are no restrictions that could prevent the Company from paying dividends.

### DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Company consists of an unlimited number of common shares without par value of which 84,228,421 common shares are issued and outstanding as of the date hereof.

All shares of the Company, both issued and unissued, are of the same class and rank equally as to dividends, voting rights and participation in assets of the Company in the event of liquidation, dissolution or winding up. No shares have been issued subject to call or assessment. There are no pre-emptive or

conversion rights and no provisions for redemption or purchase for cancellation, surrender or sinking or purchase funds. Provisions as to the modification, amendment or variation of such rights or provisions are contained in the *Business Corporations Act* (British Columbia) and the Articles of the Company.

### MARKET FOR SECURITIES

The Company's common shares are traded on the Toronto Stock Exchange in Canada.

During the Company's last completed financial year, the monthly price range and volume of trading of its common shares on the Toronto Stock Exchange was as follows:

2011	High (C\$)	Low (C\$)	Volume
Jan	4.08	3.16	9,199,074
Feb	3.96	3.44	5,382,860
Mar	3.98	2.26	32,926,887
Apr	3.59	2.68	20,841,797
May	3.62	3.00	10,123,829
Jun	3.51	2.18	5,093,391
Jul	2.94	2.40	1,958,712
Aug	2.63	1.92	2,633,333
Sep	2.18	1.51	5,059,495
Oct	2.68	1.71	2,762,827
Nov	3.22	1.82	2,305,683
Dec	2.12	1.35	1,992,124

### DIRECTORS AND OFFICERS

#### Name, Occupation and Security Holding

The following table sets out, as of December 31, 2011, the name, province or state, and country of residence of each director and executive officer of the Company and their respective offices held with the Company and their respective principal occupations during the five preceding years. Each director holds office until the next annual meeting of shareholders of the Company.

Name, Province or State & Country of Residence and Position	Director Since	Principal Occupation for the Past Five Years
JAMES ATHERTON British Columbia, Canada Corporate Secretary & Corporate Counsel	N/A	Corporate Secretary & Corporate Counsel of the Company since September 6, 2011; previously a lawyer with Bull, Housser & Tupper LLP
JEAN-SEBASTIEN BLANCHETTE <sup>(1)(2)</sup> New York, USA Director	June 3, 2011	Research Analyst at Amber Capital LP, an SEC registered investment adviser
DAVID HEUGH	N/A	Chief Operating Officer of the Company from

Name, Province or State & Country of Residence and Position	Director Since	Principal Occupation for the Past Five Years
British Columbia, Canada Chief Operating Officer		March 7, 2011 to February 29, 2012; consultant with KVA Associates S.A.
EDUARDO JARAMILLO <sup>(1)(2)(3)</sup> Colombia Director	June 3, 2011	General Manager at West Arco, a welding company, since January 2012, previously Commercial Director, Dow Latin America, a chemicals manufacturer, from July 2009 to September 2011; previously General Manager, Rohm and Haas Colombia, a chemicals manufacturer
HUBERT R. MARLEAU <sup>(1)</sup> Quebec, Canada Director	June 3, 2011	Co-Founder of Palos Management Inc., a boutique financial management firm
JUAN ESTEBAN ORDUZ <sup>(3)</sup> New York, USA Co-Chairman and Director	April 14, 2011	President of the Colombian Coffee Federation, Inc., a subsidiary of the National Federation of Coffee Growers of Colombia, since 2003
SAMUEL JED RUBIN <sup>(2)(3)</sup> New York, USA Director	June 3, 2011	Managing Partner & General Counsel of Amber Capital LP, an SEC registered investment adviser
PAUL ROBERTSON British Columbia, Canada Chief Financial Officer	N/A	Chief Financial Officer of the Company since September 1, 2011; managing partner of Quantum Advisory Partners LLP, a professional services firm dedicated to assisting publicly listed companies with their financial reporting, taxation and regulatory requirements
ANNA STYLIANIDES British Columbia, Canada Interim President & Chief Executive Officer, Co-Chairman and Director	June 3, 2011	Interim President & Chief Executive Officer of the Company since September 15, 2011; Chief Executive Officer of FinTec Holdings Corp., a corporate financial services company; Chief Executive Officer and a director of Surgical Spaces, Inc., a private health care consolidator, from September 2005 to December 2011

- (1) Member of the Audit Committee  
(2) Member of the Compensation Committee  
(3) Member of the Nominating and Corporate Governance Committee

Based on the disclosure available on the System for Electronic Disclosure by Insiders (SEDI), as of March 26, 2012, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 28,300 common shares of the Company, representing less than 1% of the total number of common shares outstanding.

### Cease Trade Orders, Penalties or Sanctions

Other than as mentioned below, none of the directors or executive officers of the Company is, as at the date of this Annual Information Form, or was within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- (a) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, which order was in effect for a period of more than 30 consecutive days (an “Order”) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

#### *Hubert R. Marleau*

In early 2006, Magistral Biotech Inc. (“Magistral”), a reporting issuer in Quebec, British Columbia and Alberta, was subject to a cease trade order imposed by the Autorité des marchés financiers (the “AMF”) and the British Columbia Securities Commission (the “BCSC”) because Magistral failed to file a comparative financial statement for the financial year ended December 31, 2005. Mr. Marleau was a director of Magistral at the time. Magistral subsequently filed its financial statements for the periods ended December 31, 2005, March 31, June 30, and September 30, 2006, along with the related management discussion and analysis and certifications. In late 2006, the AMF and the BCSC each issued Partial Revocation Orders allowing Magistral to effect certain transactions to complete a reverse take-over with Immunotec Research Ltd.

On September 15, 2010, Mitec Telecom Inc. (“Mitec”), a reporting issuer listed on the Toronto Stock Exchange, applied for and was granted (on September 20, 2010) a management cease trade order (a “MCTO”), as provided for in National Policy 12-203, from the AMF, Mitec’s lead regulator. Mr. Marleau was a director of Mitec at that time. Mitec was delayed in the preparation of its financial statements required under continuous disclosure requirements imposed on all reporting issuers. The delay was due in part due to the status of management actions that would have affected the accuracy of the going concern note on its first quarter financial statements and related MD&A. At the time, Mitec informed the Toronto Stock Exchange that it would be able to announce its financial results by September 30, 2010. Mitec was advised that the Toronto Stock Exchange did not object to this delay. On September 29, 2010, Mitec announced its financial results, which resulted in the lifting of the MCTO.

In August 2003, Mr. Marleau sought registration as a Financial Advisor with the CVMQ (the predecessor to the AMF), and duly filed an application for said purpose at that time. On November 18, 2003, Mr. Marleau undertook with the CVMQ to cease acting as an advisor until such time as Palos Management Inc. was registered with the CVMQ as an advisor. Mr. Marleau also agreed to cease distributing units of the Palos Trading Fund L.P. unless he had received an exemption from prospectus and registration requirements imposed by the Securities Act. Such registrations were granted by the CVMQ on December 15, 2003.

### **Personal Penalties and Sanctions**

None of the directors or executive officers of the Company or, to the Company's knowledge, any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company have been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or have entered into a settlement agreement with a securities regulatory authority, or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Bankruptcies**

Other than as mentioned below, none of the directors or executive officers of the Company, or, the Company's knowledge, any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this Annual Information Form, or has been within ten years before the date of this Annual Information Form, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

#### *Hubert R. Marleau*

Mr. Marleau was a director of Malette International Inc. ("Malette"), a reporting issuer listed on the TSX Venture Exchange, when, on February 26, 2007, Malette Industries Inc., a wholly-owned subsidiary of Malette, filed a notice of intention to make a proposal to its creditors under the *Bankruptcy and Insolvency Act*. On February 27, 2007, a creditor of Malette Hardwood Flooring Inc., another subsidiary of Malette, obtained a receivership order from the Superior Court of Québec. On February 2, 2007, the AMF issued a cease trade order against Malette for its failure to file financial statements for the year ended September 30, 2006. Effective March 1, 2007, Mr. Marleau resigned from the board of directors of Malette.

### **Conflicts of Interest**

Certain officers and directors of the Company are officers and directors of, or are associated with, other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interests and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers.

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

On February 28, 2012, the Company received notice that Sociedad Minera La Plata Ltda. ("SMLPL") was seeking an arbitration pursuant to the arbitration clause contained in the mining title assignment agreement (the "Assignment Agreement") pursuant to which the Company acquired its La Plata property from SMLPL. Previously, the Company was summoned by SMLPL to a settlement hearing in which SMLPL sought to terminate the Assignment Agreement by mutual consent. The Company believes it has met all of its requirements under the Assignment Agreement and believes it has full title to the La Plata property and, therefore, did not consent to the termination. The Company and SMLPL were also unable to mutually agree on arbitrators at a hearing held for such purpose on March 13, 2012. It is expected that the arbitrators will be designated by a Colombia court within the next few months. Once the arbitrators have been designated, the arbitration procedure will be held before the Chamber of Commerce of Bucaramanga. The Company has yet to be informed of SMLPL's basis for seeking to terminate the Assignment Agreement and is therefore unable to assess the outcome of the arbitration at this time. The Company will, however, exercise all means to protect its rights under the Assignment Agreement.

The Company is and was not a party to, nor is or was any of its property the subject of, any legal proceedings during the Company's most recent financial year that involves a claim for a material amount and it is not aware of any such legal proceedings to be contemplated except as disclosed above.

No sanctions or penalties have been imposed against the Company by, or settlement agreement entered into by the Company with, a court relating to securities legislation or by a securities regulatory authority during the most recent financial year. There were no other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor making an investment decision.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Company, no person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Company's outstanding voting securities and no associate or affiliate of any of such persons or companies has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

## TRANSFER AGENTS AND REGISTRARS

The Company's registrar is Computershare Investor Services Inc. with offices in Vancouver, British Columbia and Toronto, Ontario.

## MATERIAL CONTRACTS

The following is a list of every contract required to be filed under section 2.2 of National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102") at the time this Annual Information Form is filed or that would be required to be so filed but for the fact that it was previously filed.

Shareholder Rights Plan Agreement (the "Rights Plan") dated as of November 19, 2003 between the Company and Computershare Trust Company of Canada, as rights agent, pursuant to which one right (a "Right") was issued and attached to each outstanding common share of the Company and attaches automatically to each common share issued thereafter. The Rights will trigger (i.e. separate from the common shares) and become exercisable ten trading days after a person (an "Acquiring Person") has acquired 20% or more of, or commences or announces a takeover bid for, the Company's outstanding common shares other than by an acquisition pursuant to a Permitted Bid or a Competing Permitted Bid, as defined in the Rights Plan. The acquisition by an Acquiring Person of 20% or more of the common shares is a "Flip-In Event". When a Flip-In Event occurs, each Right becomes a Right to purchase from the Company, upon exercise thereof in accordance with the terms of the Rights Plan, that number of common shares having an aggregate market price on the date of consummation or occurrence of such Flip-In Event equal to twice the exercise price for an amount in cash equal to the exercise price, i.e. at a 50% discount. Any Rights held by an Acquiring Person become void upon occurrence of a Flip-In Event.

The Board may, in certain circumstances, waive the application of the Rights Plan to a particular Flip-In Event (an "Exempt Acquisition"). The Board may also, at any time prior to occurrence of a Flip-In Event, redeem all of the outstanding Rights at C\$0.0001 per Right. The Rights will be deemed to have been redeemed by the Board following completion of a Permitted Bid, Competing Permitted Bid or Exempt Acquisition.

The Company's shareholders approved an amendment to the Rights Plan extending the expiry date to December 20, 2013 at the annual general meeting held in May 2010.

A copy of the Rights Plan is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## INTERESTS OF EXPERTS

### Names of Experts

Each person and company referred to below has been named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company during, or relating to, the Company's financial year ended December 31, 2011 and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company:

- i. Rodrigo Mello, MAusImm, and Carlos Guzman, MAusImm, of NCL Ingenieria y Construcción Limitada are responsible for the NCL Preliminary Economic Assessment.
- ii. Dr. Marcelo Godoy, MAusIMM CP, with Golder; Mr. Graeme Farr, MSAIMM, with TWP; Mr. Rowan McKittrick, M.Sc., CGeol, with Schlumberger; and Mr. Jonathan Engels, PhD, with Knight, are the authors responsible for the Updated Preliminary Economic Assessment Technical Report.

KPMG LLP, Chartered Accountants, provided an auditor's report in respect to the Company's financial statements for the year ended December 31, 2011 dated March 22, 2012. KPMG LLP has advised the Company that they are independent with respect to the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

### Interests of Experts

To the Company's knowledge, none of the experts or the designated professionals of the experts named in the foregoing section held, at the time they prepared or certified such statement, report, valuation or opinion received after such time or will receive any registered or beneficial interest, directly or indirectly, in any securities or other property of the Company.

## ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.eco-oro.com](http://www.eco-oro.com). Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, securities authorized for issuance under equity compensation plans is contained in the Company's Information Circular for its most recent annual meeting of shareholders. Additional financial information is provided in the Company's financial statements and management discussion and analysis (MD&A) for its most recently completed financial year, all of which are filed on SEDAR.

## Audit Committee Information

### *Composition of the Audit Committee*

The Audit Committee consists of three directors. The following table sets out their names and whether they are “independent” and “financially literate”:

<b>Name of Member</b>	<b>Independent<sup>(1)</sup></b>	<b>Financially Literate<sup>(2)</sup></b>
HUBERT R. MARLEAU	Yes	Yes
EDUARDO JARAMILLO	Yes	Yes
JEAN-SEBASTIEN BLANCHETTE	Yes	Yes

- (1) To be considered to be independent, a member of the Committee must not have any direct or indirect ‘material relationship’ with the Company. A material relationship is a relationship which could, in the view of the Board of Directors of the Company, reasonably interfere with the exercise of a member’s independent judgement.
- (2) To be considered financial literate, a member of the Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected by the Company’s financial statements.

### *Relevant Education and Experience*

The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

- (a) an understanding of the accounting principles used by Eco Oro to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Eco Oro’s financial statements, or experience actively supervising one or more persons engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting,

is set out below.

#### *Hubert R. Marleau*

Mr. Marleau, the Chair of the Audit Committee, holds a Bachelor of Science (Honours) in Economics from University of Ottawa. Mr. Marleau is an Economist and Co-Founder of Palos Management Inc. With over 40 years of experience in the business and financial community, Mr. Marleau has raised funds privately and publicly for hundreds of emerging and mature companies, structured many mergers and acquisitions as well as designed and created numerous financial deals in Canada. Mr. Marleau has worked at the senior executive level of several large investment banks notably, Nesbitt Thomson Inc., Levesque Beaubien Inc. and Marleau, Lemire Inc. He was a member of the Listings Committee of the Toronto Stock Exchange, the Montreal Stock Exchange, and the Vancouver Stock Exchange, a director of the

Investment Dealer Association of Canada, and director of a multitude of publicly traded companies.

*Eduardo Jaramillo*

Mr. Jaramillo holds a Masters in Business Administration from the Kellogg Graduate School of Management at Northwestern University with majors in management and strategy, finance and organization behavior. He also holds a post-graduate degree as a Specialist in Finance from the School of Business Administration at the Universidad de los Andes. Mr. Jaramillo has more than 20 years of corporate experience with an emphasis in Latin American markets including with West Arco, The Dow Chemical Company and Rohm and Haas Company. Mr. Jaramillo has served as a director of several companies and non-profit organizations, such as The Council for American Enterprises, Corporación Minuto de Dios and United Way Colombia.

*Jean-Sebastien Blanchette*

Mr. Blanchette holds a Bachelor of Arts from Yale University. Mr. Blanchette is a Research Analyst at Amber Capital, an SEC registered investment adviser, focusing on Energy and Metals, based in New York. Prior to joining Amber in 2006, he was a Senior Analyst at Libra Advisors where he covered commodities and special situation stocks. From 2001 to 2005, he was responsible for following energy, mining and special situations in the Risk Arbitrage Group at Natexis Banques Populaires. Mr. Blanchette joined the board of directors of Skye Resources in December 2007, where he was instrumental in protecting shareholder value and initiating a sale of the company to Hudbay Minerals in June 2008. Mr. Blanchette's time with Skye Resources allowed him to develop experience in corporate governance issues and management while increasing the responsiveness and accountability of the board.

***Reliance on Certain Exemptions***

At no time since the commencement of its most recently completed financial year, has Eco Oro relied on any of the following exemptions from National Instrument 52-110 *Audit Committees* ("NI 52-110"):

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*);
- (b) the exemption in section 3.2 (*Initial Public Offerings*);
- (c) the exemption in subsection 3.3(2) (*Controlled Companies*);
- (d) the exemption in section 3.4 (*Events Outside Control of Member*);
- (e) the exemption in section 3.5 (*Death, Disability or Resignation of Audit Committee Member*);
- (f) the exemption in section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*);
- (g) the exemption in section 3.8 (*Acquisition of Financial Literacy*); or
- (h) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

***Audit Committee Oversight***

Since the commencement of Eco Oro's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by Eco Oro's Board of Directors.

***Pre-Approval Policies and Procedures***

The Audit Committee has established policies and procedures that are intended to control the services provided by the auditors and to monitor their continuing independence. Under these policies, no services

may be undertaken by the auditors, unless the engagement is specifically approved by the Audit Committee or the services are included within a category which has been pre-approved by the Audit Committee. The maximum charge for services is established by the Audit Committee when the specific engagement is approved or the category of services pre-approved. Management is required to notify the Audit Committee of the nature and value of pre-approved services undertaken.

The Audit Committee will not approve engagements relating to, or pre-approve categories of, non-audit services to be provided by Eco Oro's auditors (i) if such services are of a type the performance of which would cause the auditors to cease to be independent within the meaning of applicable Securities and Exchange Commission rules, and (ii) without consideration, among other things, of whether the auditors are best situated to provide the required services and whether the requires services are consistent with their role as auditor.

### ***External Auditor Service Fees***

The following table discloses the fees billed to the Company by its external auditor during the last two financial years:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit-Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
December 31, 2011	C\$133,600	C\$108,000	Nil	Nil
December 31, 2010	C\$100,050	C\$71,000	Nil	Nil

### ***Audit Fees***

Audit Fees are the aggregate fees billed by the independent auditor for the audit of the consolidated annual financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements.

### ***Audit-Related Fees***

Audit-Related Fees are fees charged by the independent auditor for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements and are not reported under "Audit Fees". This category comprises fees billed for independent accountant review of Eco Oro's interim financial statements and management discussion and analysis, as well as advisory services associated with the Company's financial reporting.

### ***Tax Fees***

Tax Fees are fees for professional services rendered by the independent auditor for tax compliance, tax advice on actual or contemplated transactions.

### ***All Other Fees***

All Other Fees includes amounts for services other than the audit fees, audit-related fees and tax fees described above.

**CHARTER FOR THE AUDIT COMMITTEE OF  
THE BOARD OF DIRECTORS OF ECO ORO MINERALS CORP.**

**I. MANDATE**

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Eco Oro Minerals Ltd. (the “Company”) shall assist the Board in fulfilling its financial oversight responsibilities. The Committee’s primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of the Company’s financial statements and other financial information;
2. The compliance of such statements and information with legal and regulatory requirements;
3. The qualifications and independence of the Company’s independent external auditor (the “Auditor”); and
4. The performance of the Company’s internal accounting procedures and Auditor.

**II. STRUCTURE AND OPERATIONS**

A. Composition

The Committee shall be comprised of three or more members.

B. Qualifications

Each member of the Committee must be a member of the Board.

A majority of the members of the Committee must be independent, within the meaning of applicable regulatory requirements and securities laws.

Each member of the Committee must be financially literate, within the meaning of applicable regulatory requirements and securities laws.

C. Appointment and Removal

The members of the Committee shall be appointed by the Board and shall serve until such member’s successor is duly appointed or until such member’s earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

D. Chair

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

E. Sub-Committees

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that a decision of such subcommittee to grant a pre-approval shall be presented to the full Committee at its next scheduled meeting.

F. Meetings

The Committee shall meet at least four times in each fiscal year, or more frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Company.

At each meeting, a quorum shall consist of a majority of members.

The Committee is authorized to invite officers and employees of the Corporation and outsiders with relevant experience and expertise to attend or participate in its meetings and proceedings if it considers this appropriate. In addition, the Committee will meet with the Auditor and management annually to review the Company's financial statements in a manner consistent with Section III of this Charter.

### **III. DUTIES**

A. Introduction

The following functions are the common recurring duties of the Committee in carrying out its mandate outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Company's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated mandate, the Committee shall have all the authority of, but shall remain subject to, the Board.

## **B. Powers and Responsibilities**

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

### *Independence of Auditor*

- (1) Review and discuss with the Auditor any disclosed relationships or services that may affect the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Company.
- (2) Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.
- (3) Require the Auditor to report directly to the Committee.
- (4) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.

### *Performance & Completion by Auditor of its Work*

- (5) Oversee the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting).
- (6) Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-appointment by the Company's shareholders of the existing Auditor and the compensation to be paid to the Auditor.
- (7) Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by the Auditor unless such non-audit services:
  - (a) which are not pre-approved, are reasonably expected not to constitute, in the aggregate, more than 5% of the total amount of fees paid by the Company to the Auditor during the fiscal year in which the non-audit services are provided;
  - (b) were not recognized by the Company at the time of the engagement to be non-audit services; and
  - (c) are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

### *Internal Financial Controls & Operations of the Company*

- (8) Establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

- (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

*Preparation of Financial Statements*

(9) Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.

(10) Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.

(11) Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

(12) Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

(13) Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:

- (a) the adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management.
- (b) the management inquiry letter provided by the Auditor and the Company's response to that letter.
- (c) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

*Public Disclosure by the Company*

(14) Review the Company's annual and quarterly financial statements, management discussion and analysis (MD&A) and earnings press releases before the Board approves and the Company publicly discloses this information.

(15) Review the Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.

*Manner of Carrying Out its Mandate*

(16) Consult, to the extent it deems necessary or appropriate, with the Auditor but without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.

- (17) Request any officer or employee of the Company or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
- (18) Meet, to the extent it deems necessary or appropriate, with management, any internal auditor and the Auditor in separate executive sessions.
- (19) Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee and to set and pay the compensation to any such advisors.
- (20) Make regular reports to the Board.
- (21) Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- (22) Annually review the Committee's own performance.

C. Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.

Approved by the Nominating & Corporate Governance Committee: March 6, 2012

Approved by the Audit Committee: March 20, 2012

Approved by the Board of Directors: March 22, 2012